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## Customer Retention – It’s All About the Experience, Stupid!

By Rob Rush, President & CEO of LRA Worldwide  
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How “Customer Experience Management” can help CRM technology keep its eye on the prize – Customer Satisfaction and Loyalty.

Imagine this nightmare scenario. You’re a hotel chain that’s undertaken a multi-million dollar CRM installation in order to better know – and grow – your customers. A loyal customer – let’s call him Joe Sleepover - checks into your property in Chicago and your CRM database alerts your staff in the Windy City that Joe prefers cold spring water in the room, a *Wall Street Journal* in the morning and pulpy orange juice with his room service breakfast. Your bases are covered, right?

Unbeknownst to you, the Poland Springs was warm, the *Journal* arrived after check out and the OJ...well, there was no pulp to be found. Joe checks out disappointed and underwhelmed, never to be heard from again, and you’re left to wonder why. Clearly, just knowing his preferences and purchasing behavior was not enough to drive customer satisfaction, or – most importantly – retention.

An extreme example? Sure, but for every successful CRM installation, the customer service landscape is littered with CRM projects that didn’t quite hit the mark. In many applications, CRM has a great big blind spot. While CRM effectively pulls information about the customer to benefit the company, it lacks any insight into the customer’s actual experience with that company across all of the crucial experiential touch points that add up to the elusive combination of “satisfaction” and “loyalty.” No amount of CRM technology lets the company “see” the customer’s experience from the customer’s point of view, meaning many of the supposed benefits of a CRM program are applied in a vacuum.

An integrated Customer Experience Management (“CEM”) program can help fill in those blind spots and complement the potentially powerful data collected in a CRM project. Put plainly, where CRM is weak, CEM is strong. By focusing on the experiences of customers and how those experiences impact behavior, CEM addresses both the quality of the company’s execution and the efficacy of the result. By aligning the customer’s needs **with** the company’s ability to fulfill those needs, a CEM application can work hand in hand with CRM to create loyal customers...for life. CEM is clearly part of CRM – it is **not** separate and distinct, but can act as a means for companies to leverage their existing CRM programs for *qualitative* as well as quantitative insight in their customers.

Much like the robot in “The Terminator” that couldn’t comprehend human tears, a CRM program may miss the elements that are at the core of any customer relationship – a series of very personal and emotional interactions and experiences. CEM is designed to examine and understand what drives these interactions and to align the organization so that it can consistently deliver what the customer craves, both on a physical and emotional level. With a quality CRM system in place, customer needs and wants are steering the company; with Customer Experience Management factored into the mix, the **delivery** of those needs and wants takes center stage.

Mind you, the very best companies mesh the power of technology, the brand promise and the experience delivery seamlessly. Westin Hotels was able to use data from its Starwood Preferred Guest program to determine that – surprise! – quality sleep was actually of primary importance to hotel guests. Thus, the high-profile launch of the Westin Heavenly Bed. And did Westin deliver the promised experience? You bet – guests have been so enamored of the celestial sleeping experience that more than 4,000 Westin customers have purchased a fully-loaded Heavenly Bed, box spring to duvet.

With the technology in place, the elements involved in a successful CEM support program include:

**Standards & Practices Development** – As every successful coach knows, without a good game plan, you can’t win the game. This process enables a company to design, write, organize and communicate the standards required for employees to deliver the desired customer experience – every time. This answers the question “who are we?” for every employee, from the CEO straight down to the junior assistant dishwasher. This “game plan” will serve as the backbone of any CRM program.

**Customer Service & Leadership Training** – Put the game plan into action before your team hits the field. Make sure your employees have the proper skills and resources to deliver customer service excellence and have authority to do so. Eliminate the tired refrain of “I’ll have to check with my manager” – empower your employees to resolve problems and create exceptional experiences on their own. Regardless of the impressive technology involved, CRM won’t engage people without the right human touch.

**Customer & Employee Research** – Is the game plan working? How exactly do you deliver on your brand promise? Are you satisfying your customers and engaging your employees? What do you do (or not do) that drives loyalty? In the words of the legendary former CEO of General Electric, Jack Welch, “the three most important things you need to measure in business are customer satisfaction, employee satisfaction and cash flow.” Answering these questions – and keeping Mr. Welch’s philosophy front and center - allows a company to better utilize the data gleaned from CRM to service the customer, not the company.

**Quality Assurance** – When all is said and done, are you and your employees following the game plan? Whether through site inspections, mystery shopping, call center monitoring or spy satellite imaging (just checking to see if you were paying attention!), making sure the plan is being followed both in your service and facilities is crucial. The best-laid plans can be undone by a rude concierge, a bowl of lukewarm soup or a dirty guest bathroom. This is the final CEM piece to help nurture a CRM project to full potential.

Used together, these elements of a CEM program can ensure that the customer experience promise you make is being delivered to the customer in ways that CRM is ill-equipped to handle. Blind spot eliminated.



With CRM investments in the millions, it doesn't pay for a company to turn penny-wise and pound-foolish when it comes to the actual customer experience. By investing in the quality of that experience, the company has a far better chance of driving loyalty and – by extension – increased profitability. Though you may have heard the old adage expressed several different ways statistically, it is considerably less expensive to keep an existing customer than to woo a new one. And more and more managers and marketers alike are figuring out that a CRM-based loyalty program alone doesn't necessarily generate...loyalty. In fact, a recent study from the Cornell University School of Hotel Administration indicated a very weak correlation between the two. So what were the key drivers of repeat business, if not a loyalty program? It turns out amenities and employee service were far more important factors in creating customer retention!

"[Companies] might consider redirecting some of their...expenditures toward strengthening human resources and improving [customer] experience," opined Judy Sigauw, the Cornell professor who authored the study.

Hmm....employee training and empowerment and guest experience - where have we heard that before? Sounds like putting the "loyalty" back into loyalty programs is a task for the CEM professional! Clearly, these programs can be inefficient investments if the customer service is not delivered properly.

So after all was said and done, what ever happened to Mr. Sleepover? Turns out the hotel had a CEM program in place as well. His dissatisfaction was instantly registered in a customer satisfaction e-survey. The survey was flagged by a regional manager via a real-time alert system, who soothed Joe's frayed nerves with a weekend at a company property in South Beach. The team at the Chicago hotel was referred back to its standards and practices materials and a trainer flew into O'Hare that night to conduct a refresher course at the property, just in case. And when the mystery shopping team showed up in Chicago two months later and - you guessed it – pulp!

#### **About the Author**

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